

Letter of Credit No. \_\_\_\_\_

Date: \_\_\_\_\_

UTAH DIVISION OF OIL, GAS AND MINING  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

Gentlemen and Ladies:

1. \_\_\_\_\_ [Name of Bank or Surety] ("Surety"), of \_\_\_\_\_  
\_\_\_\_\_[city/state], hereby establishes this irrevocable letter of credit (the "Letter of Credit") in  
favor of the Utah Division of Oil, Gas and Mining ("Division") for an aggregate amount not to exceed \$ \_\_\_\_\_  
\_\_\_\_\_[reclamation cost estimate] in United States dollars ("Face Amount") effective immediately.

2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Salt Lake City time) on \_\_\_\_\_ [expiration date] or (b) the date upon which sufficient documents are executed by the Division to release \_\_\_\_\_ ("Operator") from further liability for reclamation of the \_\_\_\_\_  
[mine], M/0\_\_\_/0\_\_\_ [mine permit #] with notice to Bank or Surety by the Division accompanied by the original Letter of Credit with directions for cancellation.

3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Surety gives notice to the Division 90 days prior to the expiration date that the Surety elects not to renew the Letter of Credit.

4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. \_\_\_\_\_ delivered to the office of the Surety, \_\_\_\_\_  
\_\_\_\_\_[address]. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

5. If the Surety receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, the Surety will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Surety's receipt of the sight draft and certificate and in such a manner as the Division may specify.

6. The Surety will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Surety, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Surety's charter or license to do business.

7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

8. All communications regarding this Letter of Credit will be addressed to the Surety \_\_\_\_\_ [address], referencing Letter of Credit No. \_\_\_\_\_.

Very truly yours,

\_\_\_\_\_  
The Surety/or Bank

By: \_\_\_\_\_  
(Name typed or printed)

\_\_\_\_\_  
(Authorized Signature)

Title: \_\_\_\_\_

**EXHIBIT A - SIGHT DRAFT**  
to  
Letter of Credit Number \_\_\_\_\_

Date	City, County	Letter of Credit No.
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PAY TO THE ORDER OF: \_\_\_\_\_ Utah Division of Oil, Gas and Mining, \_\_\_\_\_  
\_\_\_\_\_ DOLLARS

TO:     (Name of Bank or Surety)  
          and  
          (Address)

Utah Division of Oil, Gas and Mining  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

By: \_\_\_\_\_  
Authorized Signature

## EXHIBIT B

to  
**Letter of Credit Number** \_\_\_\_\_

I, \_\_\_\_\_ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$ \_\_\_\_\_, by sight draft accompanying this certificate, under Letter of Credit No. \_\_\_\_\_ dated \_\_\_\_\_ issued by you is permitted under the provision of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the Utah Board of Oil, Gas and Mining, after notice and hearing, has entered an Order which has not been stayed, ordering forfeiture of Letter of Credit No. \_\_\_\_\_ in accordance with applicable law. Proceeds of this drawing will be utilized in full to pay the expenses relating to the reclamation liability, together with the costs of collection, including attorneys fees, for the \_\_\_\_\_ [mine], \_\_\_\_\_ [mine permit #].

The Utah Division of Oil, Gas and Mining

By: \_\_\_\_\_  
Authorized Signature

Date \_\_\_\_\_

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